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SUCCESS STORY

Internet Transforms Tax Services

With the Internet, Albania is improving taxpayer service and fighting corruption.



Photo: MCC Albania Threshold Agreement

A billboard encourages Albanian businesses to file their taxes online, and — as of June 2008 — some 1,500 are already doing so. The two-year \$13.85 million Millennium Challenge Albania Threshold Agreement between the Government of Albania (GoA) and MCC, administered by USAID, assists the GoA to reform and modernize tax administration, public procurement, and business registration processes through IT solutions and legislative enhancements.

Before August 2007, Albanian businesses with annual revenues in excess of 8 million lekë (\$100,000) had to collect their tax forms from the Tirana Tax Office — some on a monthly basis — before they could pay taxes. To get the forms, they had to seek out their tax inspector, and each inspector was responsible for some 250 firms. As a result, business owners often visited the tax office several times and waited in long lines before securing their forms. In addition, tax inspectors had little time to offer taxpayers any services beyond distributing forms, assessing tax payments, and certifying tax documents.

Under the Millennium Challenge Albania Threshold Agreement Project, funded by the Millennium Challenge Corporation, the Albanian government and USAID have changed all that. Not only can businesses now download their tax forms, but as of April 2008, they can file their taxes online.

Jovan Cane, the director of the Tirana Tax Office, described the dramatic changes these online services have brought Albanians. “First of all, it saves time for the taxpayers. Before, they had to come to the offices and waste a couple of hours. Now, they can now download the forms in five minutes.”

The use of the Internet has also changed how the tax office does business. Now, tax officials have time to respond to requests from their customers and spend much more time providing essential services to taxpayers — doing “what a taxpayer office should do,” according to Cane.

“All of the changes mean a different way of conceptualizing the job of tax inspector,” said Cane. “Taxpayers are now separated from the tax inspectors.” Whereas monthly visits to the tax office presented unscrupulous officials with the opportunity to demand bribes in exchange for the mandatory tax forms, businesses that download forms and file electronically never interact with tax officials.

“This is a very important achievement,” said Cane, “because it is part of the effort to combat corruption.”